



CLEAN WATER ACTION

CONNECTICUT

Testimony of Roger Smith, Campaign Director, Clean Water Action CGA Energy and Technology Committee March 4, 2010

Testimony in support of House Bill 5362 *AN ACT CONCERNING RENEWABLE ENERGY*

Thank you for the opportunity to testify before this committee. Clean Water Action is a non-profit organization with 25,000 Connecticut members which has worked in Connecticut on energy-related issues since 1998. Since 2002 we have worked with citizens across the state to lead town-level 20% by 2010 clean energy initiatives.

We urge you to support this bill to build a sustainable in-state solar industry.

Despite the fact that solar is Connecticut's most abundant in-state renewable resource, Connecticut's renewable energy policies such as the Renewable Portfolio Standard and Project 150 are not suited to support solar power as they only support technologies that are the cheapest today, not which have the greatest potential to reduce costs.

Connecticut's challenge:

The Connecticut solar industry has outgrown the Clean Energy Fund's ability to support it. In the past few years Connecticut has gone from almost no solar installations to over 1000 systems, totaling more than 15 megawatts of solar. In early 2009, a lack of funding forced the suspension of the commercial rebate program. There is now a long waiting list for towns, schools, homeowners and businesses to install solar.

Solar installers have left the market, laying off employees. Residential programs are not immune to these problems as this February the CT Solar Lease program ran out of money. It is unclear how long the residential solar rebate, *the only remaining solar power incentive*, will be able to continue.

Solar Solutions:

We ask you to support HB 5362. It implements key recommendations of the legislatively mandated 2009 KEMA *Long-Term Sustainable Solar Strategy* by incorporating the best elements from programs in New Jersey, California and other leading states. This bill will help build a robust in-state industry which will be able to sustain itself without subsidies at the end of the decade. If we want to be ready for a large-scale switch to solar as prices come down we need to build the installation infrastructure, including training workers and winning consumer acceptance.

We cannot just do efficiency, just solar hot water or just solar photovoltaics, but need to pursue a portfolio of these clean energy strategies. This bill gives solar power a modest place in our state's energy future and caps the cost of the investment to ratepayers at never more than a 1% increase.

Key solar policies in H B 5362:

1. Residential solar- beyond boom and bust (sections 1,2)

- **Keep large systems from out-competing small ones**

Currently the CCEF rebate program funds both large installations (businesses, schools, etc) and small ones (homes) using the same pot of money. This bill would remove large systems from the Clean Energy Fund rebate program entirely, freeing up funding for residential systems. Larger systems do not need an up-front rebate to be financeable.

- **HB 5362 requires the Clean Energy Fund to budget in advance** for residential solar in order to achieve the installation goal of 30 megawatts (MW) by 2020. It requires them to publish a schedule of incentive levels ahead of time to give consumers and solar companies certainty. As more solar is installed, the Clean Energy Fund will automatically adjust the rebate to the next lower incentive level, putting a natural brake on the program if demand is too high at a given amount.

- **HB 5362 does not, but *should* require greater transparency from the Clean Energy Fund.** CCEF should publish in real time exactly how many systems have been approved and how much money remains for their solar programs so customers and installers know where they stand. The end of the commercial solar rebate and residential solar lease program should not have come as a sudden surprise.

2. Commercial solar- a market-based incentive (sections 3, 4)

Rather than give large projects a sizable up-front rebate, it is much more affordable to pay for these systems as they produce power over time. This section is based on the heart of the New Jersey program, a "solar renewable energy credit" market similar to Connecticut's existing RPS.

- **Competition helps drive down costs and leverage private financing.** Under this section of the bill, Connecticut's electric distribution companies would run a competitive process to sign 15 year contracts for solar renewable energy credits (SRECs) with solar project developers. This creates a market for an estimated 400 medium sized non-residential systems and an estimated 925 larger commercial and industrial systems.

- **Our neighbors are aggressively investing in solar.** New Jersey just announced it will ramp up its solar initiatives dramatically, increasing to 4600MW (or about 24% of their total peak capacity) by 2026. Massachusetts set a target of 250MW by 2017. Connecticut needs to send similar long-term signals to keep from losing more companies to the SREC programs in New Jersey and Massachusetts. The solar industry needs scale to become a self-sustaining industry by 2020. This bill's target of 225MW of commercial solar by the year 2020 enables solar companies to train and hire employees, set up offices, enter into contracts for solar components and build their presence in Connecticut. This number is in the mid-range of what other states are doing.

- **Towns and businesses will benefit as they will once more be able to sign "power purchase agreements"** where they lease their roof space to developers who finance and install solar panels on their roof at no upfront cost. They then agree to buy the power produced by the system over 15-20 years at a reduced price. As the systems produce power the developers are paid a premium for "SRECs" or Solar Renewable Energy Credits, which makes solar economically viable sooner than it would be otherwise. **Many Connecticut towns including Plainville, West Hartford, Naugatuck, Newtown and East Lyme have successfully used solar power purchase agreements to cut their electricity costs from**

day one, installing solar on schools and town buildings at no upfront cost. If this bill passes the additional 30+ projects waiting in the Clean Energy Fund queue could move forward sooner and additional towns could apply.

3. Solar power for State buildings (section 5)

This section requires the Clean Energy Fund and OPM to assess the solar-readiness for our public buildings. This would ensure that the state is at the front of the line to take part in the SREC market and be able to install solar panels at no-upfront cost and at prices lower than what the state currently pays for electricity.

4. Large Freestanding Grid-side solar (Section 6)

As I meet with town officials to discuss energy issues I have heard from several that would be interested in installing large freestanding solar PV systems on underutilized spaces, including landfills, brownfields and parking lots. This bill offers a pilot project for up to a total of 50MW of freestanding solar.

- Currently solar has to be “net metered,” and be sited where there is electric demand (i.e. at a building) rather than used to directly support the grid. This section would allow solar developers to build very large (1 megawatt minimum) grid-tied solar systems. The price per kilowatt to install very large systems is less than for small systems, and solar can be strategically sited at congested parts of the grid to provide emissions-free peaking power.
- This section allows the utilities to build one-third (not all) of the freestanding solar in this section. We have concerns that regulated utilities have little incentive to keep costs down, and this pilot would help us better understand the feasibility of utility-built renewable power. We do not support allowing the electric distribution companies to own and operate renewable energy resources on customer property, as there is a real danger they will crowd out the burgeoning market of creative entrepreneurs finding ways to install solar cheaper and with innovative new technologies.

5. Additional Project 150 Bidding Round (section 10)

As some projects (fuel cell, biomass) which received contracts under Project 150 are no longer viable, this section authorizes the Clean Energy Fund to run an additional solicitation for up to 45MW of Class I in-state renewable energy projects to replace dead projects in the queue.

Thank you for your consideration and do not hesitate to contact my office for more information.

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